

COMMISSIONER OF HIGHER EDUCATION

An Agency Profile Prepared by the
Legislative Fiscal Division

November, 2016

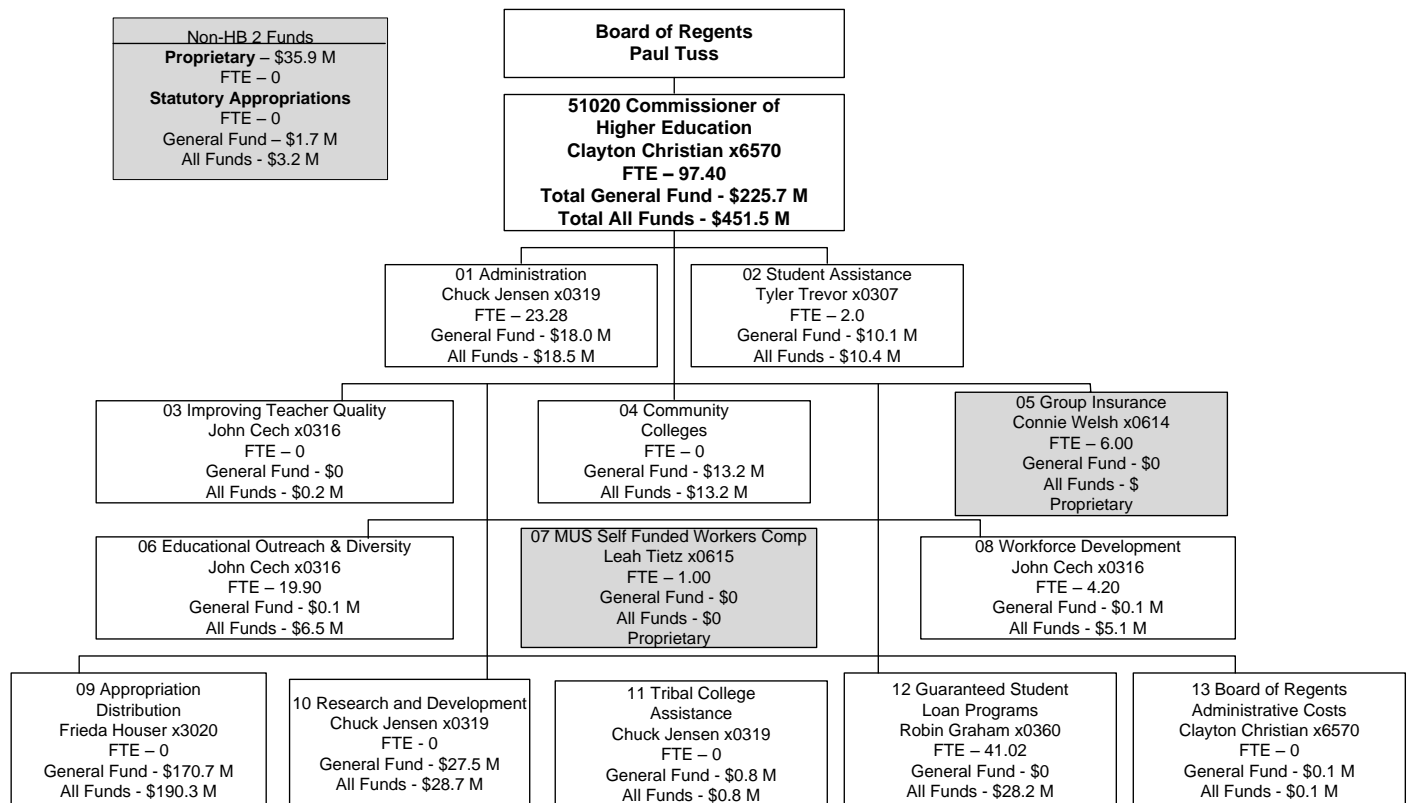


INTRODUCTION

The mission of the Office of the Commissioner of Higher Education is to serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System (MUS). The Montana Constitution, Article X, Section 9, grants governance authority over the MUS to the Board of Regents (Regents), with seven members appointed by the Governor. All state funds appropriated by the legislature to the Regents for the support of the MUS are channeled through OCHE. The Constitution charges the Regents with hiring a Commissioner of Higher Education (CHE) who serves as its executive staff.

Below is an organizational chart of OCHE, including full-time employee (FTE) numbers and the HB 2 general fund expenditures and the total expenditures from all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

Office of the Commissioner of Higher Education (OCHE) – provides comprehensive administrative support and leadership for all units of the MUS, including the following programs:

- Board of Regents – the governing body for the MUS
- Guaranteed Student Loan Program – the guarantor for private lending to students
- Workforce Development Program – federal Perkins Grant administrator to support vocational education
- Student Assistance Program – financial support, including grants based upon merit and economic need, as well as work-study programs
- Educational Outreach & Diversity Program – academic support to low-income and at-risk students at

- the secondary school level to encourage postsecondary education upon high school graduation
- Improving Teacher Quality Program – provides grants to secondary math and science teachers for continuing professional education
- MUS Group Insurance and Self-Funded Workers Compensation – provides statewide administration of MUS employee health insurance and workers' compensation insurance

The Montana University System operates the following program units with the following functions:

University Educational Units – provide postsecondary education to resident (Montana) and nonresident (out-of-state) students leading to the undergraduate 2-year Associate's Degree and 4-year Bachelor's Degree and graduate education leading to the Master's Degree and Doctorate Degree. The MUS also partners with business and industry to provide job skills education and training, as well as applied and basic research.

University of Montana (UM)

- University of Montana in Missoula
- Montana Tech in Butte
- University of Montana Western in Dillon
- Helena College in Helena
- Missoula College in Missoula
- Highlands College in Butte
- Bitterroot College in Hamilton

Montana State University (MSU)

- Montana State University in Bozeman
- MSU-Billings in Billings
- MSU-Northern in Havre
- Great Falls College in Great Falls
- City College in Billings
- Gallatin College in Bozeman

Research Education and Public Service Agencies/Programs – combine research and education to serve students, communities, business, and the state of knowledge in specific disciplines.

- Agricultural Experiment Station – research and experimentation in ag science at MSU
- Cooperative Extension Services – education-based applied research at MSU to assist community development
- Forestry and Conservation Experiment Station – provide scientific investigation of resource management and conservation at UM
- Bureau of Mines – provide advisory, technical, and information services on geologic, mineral, energy, and water resources, as well as research; with facilities in Butte and Billings
- Fire Services Training School – provide professional development and training for community fire and rescue service personnel, located in Great Falls

The Office of the Commissioner of Higher Education also distributes state appropriations to the community colleges and tribal colleges.

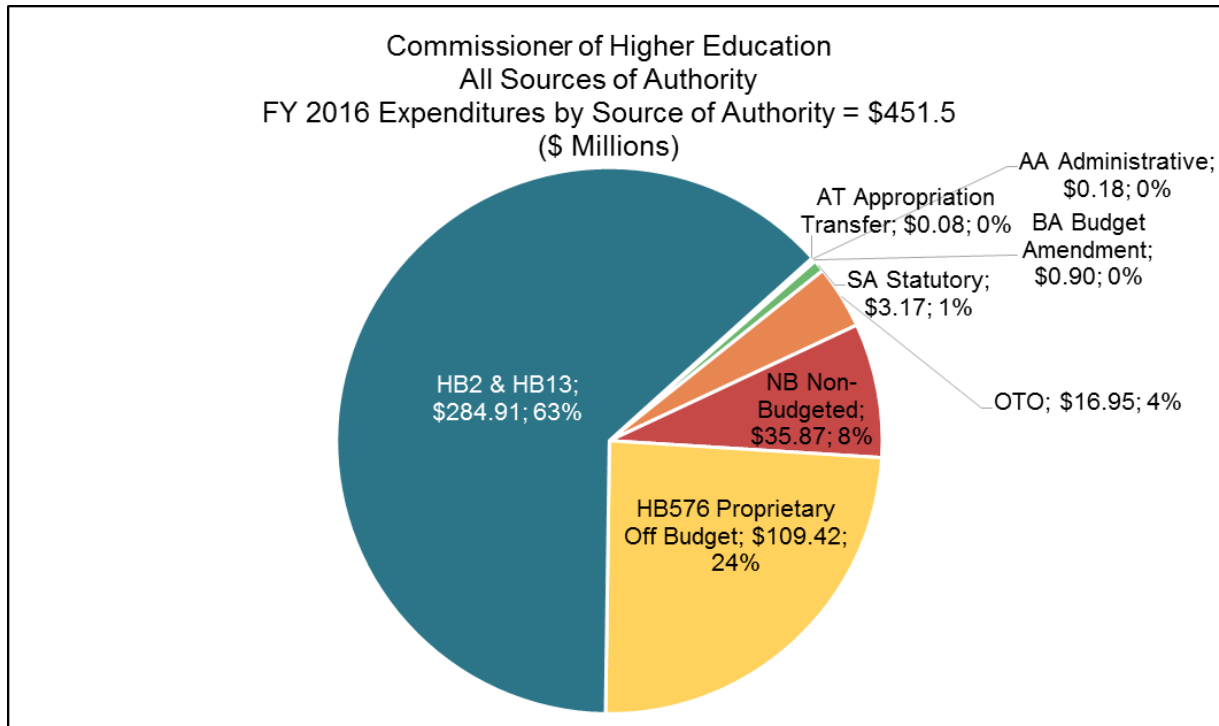
Community Colleges – three campuses provide post-secondary education, mostly to Montana students, leading to the 2-year Associates Degree, as well as job-specific certificate programs and skills training, at:

- Flathead Valley Community College in Kalispell and Libby
- Miles Community College in Miles City
- Dawson Community College in Glendive

Tribal College Assistance – financial assistance for tribal colleges for resident non-beneficiary (nontribal member) students who attend the seven tribal community colleges located on the reservations of Montana.

- Aaniiih Nakoda College in Fort Belknap
- Blackfeet Community College in Browning
- Chief Dull Knife College in Lame Deer
- Fort Peck Community College in Poplar
- Little Bighorn College in Crow Agency
- Salish Kootenai College in Pablo
- Stone Child College in Box Elder

SOURCES OF SPENDING AUTHORITY



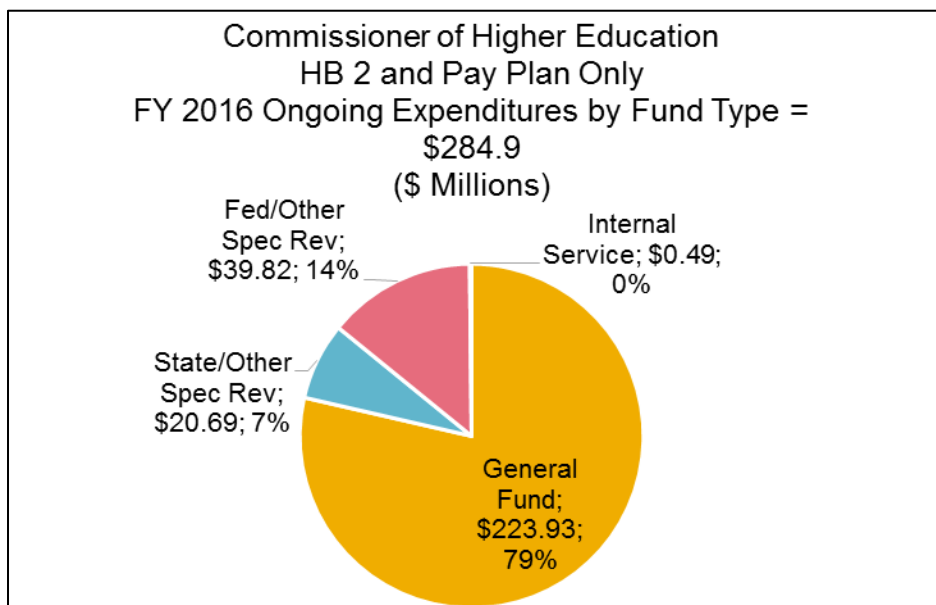
The above chart shows the sources of authority for the Office of the Commissioner of Higher Education.

The agency received the majority of its spending authority from HB 2 and the pay plan. Secondary authority comes from proprietary funds from the self-insured workers compensation and group health insurance programs, followed by non-budgeted private purpose trust funds for family savings program and scholarships. The remaining authority coming from statutory appropriations and one-time-only (classified as “OTO” in the pie chart). Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate.

FUNDING

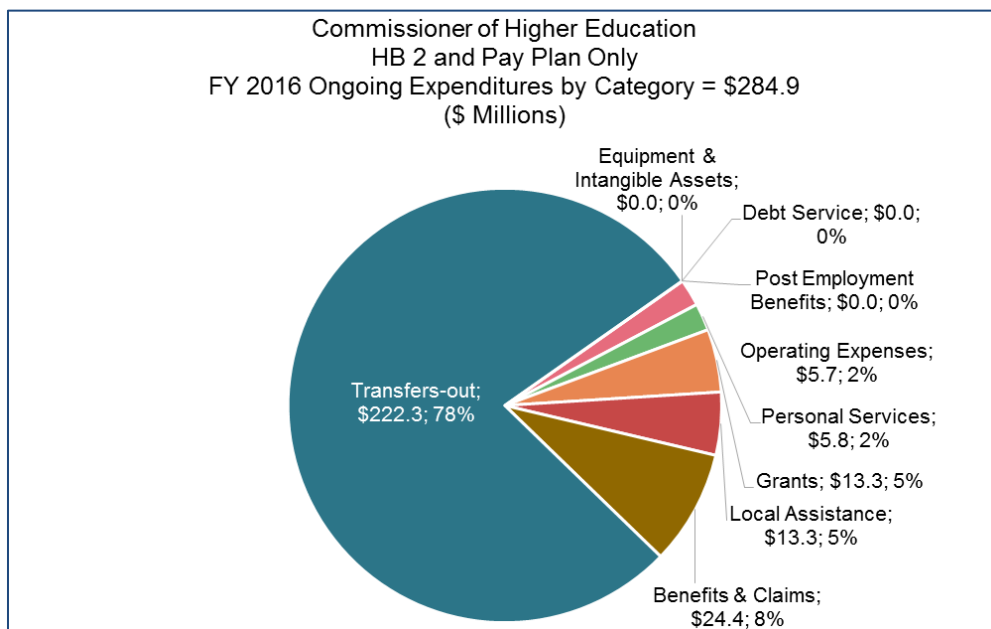
General fund comprises the largest fund source of the agency’s HB 2 and pay plan appropriation, providing seventy nine percent of the total funding. The second largest contributor comes from federal special funds, followed by state special revenue and proprietary funds. Federal special revenue includes federal education program grants and program fees earned by the Montana Guaranteed Student Loan Program. State special revenue is primarily the statewide six-mill levy revenue that is distributed to the educational units of the Montana University System.

The following chart shows the agency's HB 2 and pay plan funding authority by fund type and all sources of its total funding authority.



EXPENDITURES

The chart explains how the HB 2 and pay plan authority is spent. HB 2 and pay plan ongoing expenditures in FY 2016 totaled \$284.9 million. The single largest expenditure category is transfers-out. This category primarily records the distribution of state funds to the educational units and research and public service agencies. The second largest expenditure category, benefits and claims, records the payment of claims by lenders for defaulted loans. After grants and local assistance at 5% each, personal services and operating expenses each comprise 2% of total HB 2 and pay plan expenditures for the agency.



HOW THE 2017 LEGISLATURE CAN EFFECT CHANGE

The Montana Constitution extends governance authority over the MUS to the Montana Board of Regents but leaves the power to appropriate state funds for the MUS to the legislature. This system of split authority

essentially requires that the legislature use the state budget process and the “general budget act” (HB 2) as the primary means with which to effect change and influence public policy upon the MUS.

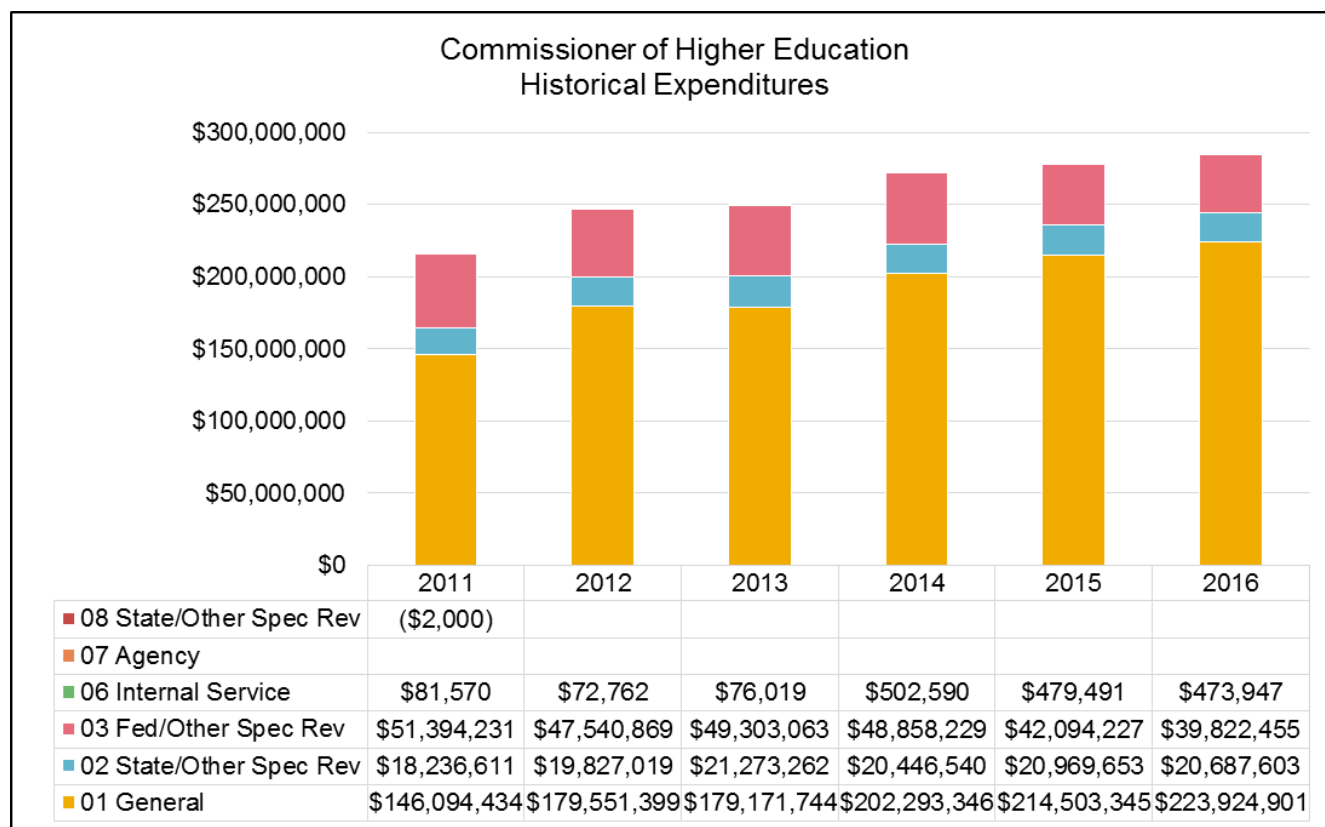
MAJOR COST DRIVERS

This table presents trends of key outcome measures and performance indicators for the Montana University System. These measures and indicators are used by the Board of Regents to evaluate the effectiveness of the Montana University System to achieve its three primary goals: Access & Affordability, Workforce & Economic Development, and Efficiency & Effectiveness.

Element	2012	2013	2014	2015	2016
<u>Enrollment - Student FTE (fiscal year average)</u>					
4-year Universities	31,978	31,717	31,499	31,268	30,968
2-year Colleges	6,150	5,986	5,693	5,310	4,895
Community Colleges* (MCC, DCC, FVCC)	2,718	2,466	2,291	2,154	2,091
MUS Total	40,847	40,169	39,484	38,732	37,954
<u>Tuition & Fees - Academic Year Rates for 1st-Time, Full-Time, Resident Students</u>					
4-year Universities	\$5,625	\$5,661	\$5,691	\$5,748	\$5,793
2-year Colleges (formally COTs)	\$3,256	\$3,285	\$3,301	\$3,333	\$3,352
2-year Community Colleges	\$3,511	\$3,581	\$3,698	\$3,827	\$3,911
<u>Retention Rates</u>					
4-year Universities	72.5%	72.3%	72.7%	72.2%	--
2-year Colleges	56.2%	55.8%	55.7%	56.8%	--
<u>Student Debt & Financial Aid</u>					
Average* Student Loan Debt, 4-year Degree	\$ 18,259	\$26,440	\$26,933	\$27,326	\$21,147
Average* Student Loan Debt, 2-year Degree	\$ 25,140	\$19,655	\$20,519	\$20,733	\$27,503
*averages calculated only on students that borrowed					
Total State Funded Student Assistance (includes PSEP, ex. WWAMI)	\$12,295,818	\$10,441,591	\$13,279,726	\$13,809,134	\$10,102,923
<u>State Appropriations</u>					
% State Share (of Current Unrestricted)					
MUS Education Units	36.1%	34.3%	37.2%	38.4%	39.4%
State Approps per Resident Student FTE					
MUS Education Units (4yr Universities & 2-yr Colleges)	\$5,129	\$5,295	\$6,102	\$6,755	\$7,321
<u>Completions</u>					
Total Number of Completions					
1 year Certificates	291	330	369	448	488
Associate Degrees	1,518	1,492	1,544	1,530	1551
Bachelor's Degrees	4,702	4,924	5,254	5,357	5185
Total	6,511	6,746	7,167	7,335	7224
<u>Graduation Rates*</u>					
4-year University Average	49%	48%	48%	47%	--
2-year College Average	17%	16%	16%	--	--
4-year University: Percent of 1st-Time, Full-Time Student Earning Bachelor's Degrees within 6 Years					
2-year College: Percent of 1st-Time, Full-Time Students Earning Associate Degrees within 3 Years					
<u>Time to Degree</u>					
Bachelor's Degree	4.5	4.6	4.5	4.5	4.4
Associate Degree	3.2	3.1	3.3	3.3	3.2
Average time in years for new students (native, non-transfers) to graduate					

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BUDGET BASE

Since 2011 there has been a \$77.8 million general fund increase, primarily due to the College Affordability Plan in the 2009 biennium and Tuition Cap Agreements in subsequent sessions. The Governor's Best and Brightest Scholarship and Quality Educator Loan Forgiveness programs were restored during the 2015 biennium. Ten additional slots were added to WWAMI and the veterinary medicine programs to meet increased needs within these areas of study. The following table shows the six year funding history for the agency. Funding on this table reflects ongoing funding included in the HB 2 and pay plan budget base.



MAJOR LEGISLATIVE CHANGES IN THE LAST TEN YEARS

Major Changes in the Last 10 Years:

- The 2015 Legislature created program 10, Research and Development Agencies. This includes:
 - Agricultural Experiment Station (AES)
 - Extension Services (ES)
 - Forestry & Conservation Experiment Station (FCES)
 - Montana Bureau of Mines & Geology (MBMG)
 - Fire Services Training School (FSTS)
 - AES, ES, and FCES received additional appropriation to be included for base, ongoing funding.
- The 2015 Legislature added \$15.0 million restricted, one-time-only, to the agency budget for the MUS Research Initiative
- The 2013 & 2015 Legislature endorsed the HB 2 portion of the Governor's proposed Tuition Cap. The agreement also commits the Montana University System to incorporating a performance funding component into the allocation model used by the Board of Regents for distributing funds to the MUS educational units.
- The 2009 Legislature passed HB 459 that created the Montana Virtual Academy (since renamed the Montana Digital Academy). The \$2.0 million appropriation for the academy for the 2011 biennium was

included in HB 2 in the university system budget. The 2011 Legislature moved the appropriation to the Office of Public Instruction, and increased funding to \$2.3 million for the 2013 biennium.

- The 2009 Legislature passed HB 224 that created a loan reimbursement program for registered professional nurses working at the Montana State Prison and Montana State Hospital.
- The 2007 Legislature added \$6.0 million, one-time-only, to the agency budget for new equipment, technology acquisition, and program development in high-demand occupational fields and new equipment for the five public service/research agencies.

For more information, please visit the agency's website at: <http://mus.edu/che/>